

CHARGE:

- Problem Statement

Currently PJM compensates all wind resources that are cleared in the DA Market for Lost Opportunity Costs upon request when they are reduced for reliability. The intent of the methodology is to make these resources whole to their Day Ahead value. This methodology was put in place when wind resources were not dispatchable as some are today. This approach may not be appropriate for those wind resources that are dispatchable and following PJM's instructions.

- Source of the issue

PJM member with dispatchable wind.

- Type of issue (technical or policy)

Technical issue.

- Assignment of issue (group)

This issue was presented to IRWG on November 15, 2010. Subsequently it was determined that PJM tariff changes are in order. On December 7, 2010 the MIC assigned this issue to IRWG.

- Key areas of activity

- a. PJM staff will develop a proposal for an alternative methodology for calculating the lost opportunity costs for dispatchable wind resources.
- b. PJM Staff will also prepare draft language for changes to the PJM Tariff.

- Deliverables & timelines

- a. Recommended methodology approved by MIC (April 2011).
- b. PJM Tariff changes approved by stakeholders and filed with FERC (June 2011).

PROPOSED IRTF CHARTER CHANGES:

Add this new specific responsibility to the IRWG charter under Energy Markets:

- ii. *Lost Opportunity Costs for dispatchable wind resources* - Recommend methodology for calculating lost opportunity costs for dispatchable wind resources. Schedule: Recommendation to MIC (April 2011). PJM Tariff changes approved by stakeholders and filed with FERC (June 2011).

NEXT STEPS:

Request MIC approval of IRTF Charter change on February 8th.